

# The Effect Of Good Corporate Governance on Financial Performance in PT X

<sup>1</sup>Nuryadi, <sup>2</sup>Lis Setyowati, <sup>3</sup>Rizky Alfani, <sup>4</sup>Syamsul Arifin, <sup>5</sup>Siswohadi

STIE PEMUDA Surabaya, Indonesia

<sup>1</sup>[Nuryadi@stiepemuda.ac.id](mailto:Nuryadi@stiepemuda.ac.id), <sup>2</sup>[Lissetyowati@stiepemuda.ac.id](mailto:Lissetyowati@stiepemuda.ac.id),  
<sup>3</sup>[Rizkyalfani@stiepemuda.ac.id](mailto:Rizkyalfani@stiepemuda.ac.id), <sup>4</sup>[Syamsularifin@stiepemuda.ac.id](mailto:Syamsularifin@stiepemuda.ac.id),  
<sup>5</sup>[Siswohadi@stiepemuda.ac.id](mailto:Siswohadi@stiepemuda.ac.id)

## ABSTRACT

**Purpose:** This paper aims to The Effect Of Good Corporate Governance On Financial Performance In PT X.

**Design/methodology/approach:** The method used is statistic-descriptive and the design used is cross sectional.

**Findings:** 2 hypotheses are while the other is accepted.

**Research limitations/implications:** Variables considered in this transparency of financial statements, management of alms funds and social funds, the reputation of the foundation, trust. The scope of analysis techniques used are multiple linear regression, F significance test, t significance test, multiple correlation coefficient (R), and multiple determination coefficient ( $R^2$ ).

**Practical implications:** Results show that from the 2 hypotheses proposed.

**Originality/value:** This paper is original.

**Paper type:** This paper can be categorized as a case study.

**Keyword:** Good Corporate Governance, Kinerja Keuangan

---

Received : Nov 18<sup>th</sup> 2019  
 Revised : February 22<sup>th</sup> 2020  
 Published : March 30<sup>th</sup> 2020

---

## I. INTRODUCTION

Investment is the activity of placing funds in a certain period in the hope of earning income in the future (Puniyasa & Triaryati, 2016). Investment activity requires a variety of considerations, one of which is to look at the level of development of the company. The level of development of a company can be seen from the company's financial statements from period to period. Financial statements are very important for a company both internal or external that is useful for decision making in the next period. The survival of a company depends on corporate governance. In many cases, some cases show the importance of implementing good corporate governance in companies. Financial scandals that occurred at Enron, Tyco, Worldcom, Merck, Global Crossing and the majority of other companies in the United States increased the study of corporate governance (Widyaningsih, 2017). Corporate governance in Indonesia is felt to be very

necessary after several cases have happened to companies in Indonesia. The company at that time was considered not transparent in presenting financial statements and seemed to be manipulated. This study is a replication of a study conducted by Hutami (2014). The difference between this study and previous research lies in the location and unit of analysis used. The location of this research is in the Surabaya environment with an analysis unit of all employees of PT.X. The purpose of this research is: to describe the effect of good corporate governance on financial performance at PT X.

**THE EFFECT OF GOOD CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE IN PT X**

## **A. Previous Study**

### **Transparency (X1)**

Openness in carrying out the decision making process and disclosure of relevant meter information about the company.

### **Independence (X2)**

A company that is professionally managed without conflicts of interest and influence or from any party that is not in accordance with applicable laws and regulations and sound corporate principles.

### **Accountability (X3)**

The clarity in the implementation and accountability functions of the company's management so that the company managers are effectively and economically trusted.

### **Responsibility (X4)**

Conformity of company management with the applicable laws and regulations and sound corporate principles.

### **Equality and Fairness (X5)**

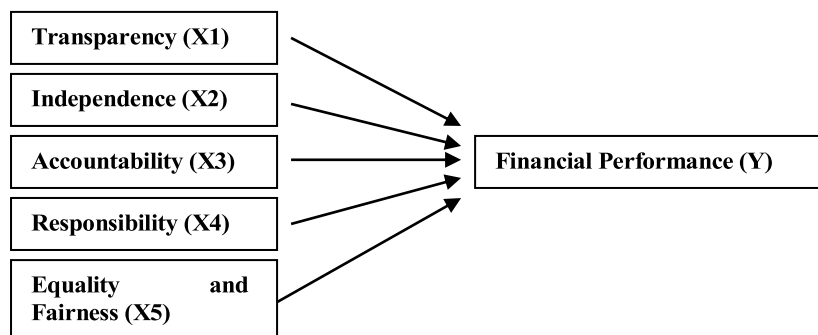
Fairness and equality in fulfilling the interests of stakeholders arising from the agreement and applicable laws and regulations.

### **Financial Performance (Y)**

## **B. Hypotheses**

1. H0: No Effect of Good Corporate Governance on Financial Performance
2. H1: There is an Influence between Good Corporate Governance on Financial Performance

## **II. METHODOLOGY**



## **Types of Research**

This type of research is quantitative. This research deals with numbers, and statistical data analysis.

## **Population**

The population in this study 30 respondents at PT X.

## **Data Collection Technique**

Data collection techniques in this study were observations, interviews, and questionnaires. The questionnaire was used by researchers in gathering data from respondents in PT. X. While the data analysis technique used is the validity test, reliability test, multicollinearity test, heteroscedasticity test, linearity test, multiple linear regression analysis test.

## **III. RESULT AND DISCUSSION**

### **The effect of Variable X on Y Variables**

The analysis conducted to find out the influence caused by the variable X to the Y variable is the first time by conducting data quality testing. This data quality test is used to find out or measure how reliable the questionnaire will be distributed and filled out by respondents. A good questionnaire will produce good data too and affect the results of ongoing research. The quality test results consist of the results of the validity test and the results of the reliability test which will be described as follows.

#### **a. Avalidity Test Results**

The following are the results of the validity test conducted using SPSS version 16.0. Testing the level of validity of the question items in this study using a significance level of 0.05 with a two-sided test and the total data is 26 respondents, then the r table obtained is 0.3882.

Based on the analysis using the corrected item-total correlation method of the validity test results of the Good Corporate Governance questionnaire questions, it is known that the value of each r count is greater than r table, and it shows that all Good Corporate Governance questionnaire items are declared valid. The results of the calculation of financial performance questions items are also the same, where each item of financial performance questions has a calculated r-value greater than the r table and it can be stated that all items of financial performance questions are declared valid.

#### **b. Reliability Test Results**

This reliability test is carried out to find out how consistent the questions used in this study are measured twice or more for the same questions and measurement results. This study uses a reliability test with the Cronbach alpha ( $\alpha$ ) technique, where an instrument can be declared reliable if  $\alpha \geq 0.6$  and vice versa if  $\alpha$  is smaller than 0.6

then the instrument can be said to be less reliable or less reliable. The following are the results of the reliability test using SPSS version 16.0.

Table 4.7	
Reliability Test	
Reliability Statistics	
Cronbach's Alpha	N of Items
.966	33

Source: SPSS Data Processing Results version 16.0 (Primary Data)

Based on the analysis of the reliability of the questionnaire with the alpha method at the level of significance 0.6, it can be stated that the item questionnaire has gotten a value of 0.966 and it shows that the value of  $\alpha$  is greater than 0.6 and can prove that the item used is reliable.

#### 4. Multicollinearity Test Results

The following are data from research findings related to multicollinearity testing.

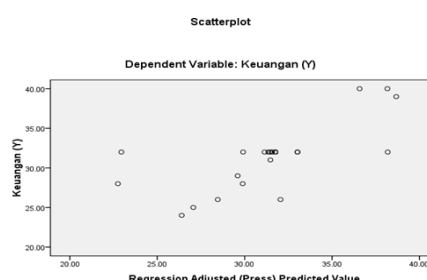
Table 4.8	
Multicollinearity Test	
Variable	VIF
Transparency	3,283
Independence	2,666
Accountability	9,178
Responsibility	3,813
Equality and Fairness	14,025

Source: SPSS Data Processing Results version 16.0 (Primary Data)

Based on the multicollinearity test table, the VIF (Value Inflation Factor) column is known that the VIF value in the transparency variable table gets a value of 3.285, the independence variable gets a value in the VIF column of 2.666, the responsibility variable gets a VIF value of 3.813, wherefrom the value of the value is below the number 5 which means the three variables are free from multicollinearity problems. In contrast to the results of the accountability variable, equality, and fairness, each of which gets a value in the VIF column of 9,178 and 14,025 where the value is above number 5 and indicates that the variable has occurred multicollinearity problems.

#### 5. Heteroscedasticity Test Results

The following are the results of the heteroscedasticity test analysis.



Picture 4.1 Scatterplot Regresi

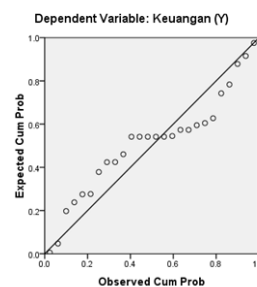
Source: SPSS Data Processing Results version 16.0 (Primary Data)

The method used in assessing whether or not there is a deviation of heteroscedasticity assumptions is scatterplots regression by looking at the pattern of points of scatterplots regression, where heteroscedasticity occurs if scatterplot regression forms a clear pattern and if what happens is the opposite is scatterplot regression does not form a clear pattern (points) spread) can be said that there is no heteroscedasticity. The results show that scatterplot regression does not form patterns or points spread, so it can be said that the current study did not occur deviations from the heteroscedasticity assumption.

## 6. Linearity Test Results

Linearity test is used to determine whether two variables, namely variable (X) and variable (Y) have a significant linear relationship, for this test is usually used as a prerequisite in correlation or linear regression. The following are the results of the linearity tests that have been carried out using SPSS version 16.0.

Normal P-P Plot of Regression Standardized Residual



Picture 4.2 Linearity Test Results

Source: SPSS Data Processing Results version 16.0 (Primary Data)

From these data, it can be concluded that the linearity test is positive because the direction of the points follows the diagonal line from the lower left to the upper right. So it can be concluded that between variables X and Y have a significant relationship.

## 7. Results of Multiple Linear Regression Analysis

### a. Results of Multiple Correlation Analysis

Table 4.9 Interpretation of Correlation Coefficients

Coefficients	Interpretation
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Fair
0,60 – 0,799	Strong
0,80 – 1,000	Very

Source: Sugiyono, Quantitative, Qualitative, and R&D Methods in Mappasalle (2013: 45)

Interpretation table correlation coefficient is a reference in determining the value of the relationship between the independent variable (X), namely Good Corporate Governance to the dependent variable (Y), namely the company's financial performance. The following is a summary model output table that is the result of the current study with data obtained from the distribution of questionnaires.

Table 4.10 Model R Test Results Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.870 <sup>a</sup>	.758	.697	2.18519	2.251

Source: SPSS Data Processing Results version 16.0 (Primary Data)

Based on the results of the regression model summary analysis in column R obtained an R-value of 0.870, the value indicates that the relationship between the independent variables (transparency, independence, accountability, responsibility, equality, and fairness) to the dependent variable (financial performance) is very strong.

#### b. Determination Coefficient Test Results (R<sup>2</sup>)

The following are the results of the summary model output that will determine the effect of R square in this study. Tabel 4.11 Hasil Uji R Square.

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.870 <sup>a</sup>	.758	.697	2.18519	2.251

Source: SPSS Data Processing Results version 16.0 (Primary Data)

The results of the analysis of the output model summary data above have shown that the R square column has been obtained an R<sup>2</sup> value of 0.758 or (75.8%). This value indicates that the percentage of contribution of the influence of independent variables (transparency, independence, accountability, responsibility, fairness, and equality) to the dependent variable (financial performance) of 75.8%, or variations of the independent variables used in the model (transparency, independence, accountability, responsibility, equality, and fairness) are able to explain at 75.8% the variation of the dependent variable (financial performance). Whereas the remaining 24.2% is influenced or explained by other variables that are not included in the current research model.c. Uji Koefisien Regresi (Uji F)

Here is a table of the results of f count.

Table 4.12 Test F ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	298.652	5	59.730	12.509	.000 <sup>a</sup>
	Residual	95.501	20	4.775		

Total	394.154	25
-------	---------	----

Source: SPSS Data Processing Results version 16.0 (Primary Data)

Based on the table the value of  $f$  arithmetic located in column  $f$  is known to be worth 12.509 and the value of  $f$  table is known to be numbered

2.71. After comparing the calculated  $f$  value and the  $f$  table value, it can be concluded that the calculated  $f$  value is greater than the  $f$  table and it can be said that there is a significant influence between the independent variables (transparency, independence, accountability, responsibility, equality, and fairness) together on the dependent variable (financial performance).

#### d. Dominan Data

In determining the dominant variable the researcher uses the results of the  $t$ -test to find out which variable is more dominant. The following is the data that has been presented.

Table 4.13  $t$  hitung

Variabel	$t$ hitung
Transparency (X1)	1.449
Independence (X2)	649
Accountability (X3)	1.340
Responsibility (X4)	460
Equality and Fairness (X5)	144

Source: SPSS Data Processing Results version 16.0 (Primary Data)

Table 4.13 above explains that the more dominant variable is the transparency variable (X1) with the acquisition of the  $t$  value of 1.449. The second position is filled by the accountability variable (X3) with a  $T$ -test value of 1,340. The dominant variable in the third sequence is the Independence Variable (X2). The fourth position is filled by the responsibility variable (X5). The variable with the last position is the Fairness variable (X5) with the acquisition of the  $t$  value of 144.

## IV. CONCLUSION

The results of the analysis of respondents' answers show that Good Corporate Governance in PT X is going well, it can be seen from the principles of Good Corporate Governance consisting of variables transparency (X1), independence (X2), accountability (X3), responsibility (X4), and reasonableness (X5). The results of the analysis of respondents' answers to the questionnaires that have been distributed show that the financial performance in PT X has been going well. The results of the multicollinearity test, heteroscedasticity test, linearity test, and multiple linear regression analysis showed that there were differences between the variables of transparency (X1), independence (X2), accountability (X3), responsibility (X4), fairness (X5) and financial performance variables (Y5) ) has positive results and has a significant effect. The conclusion of this research between Good Corporate

Governance is stated to have a significant effect on the company's financial performance.

## ACKNOWLEDGMENTS

This work has no conflict of interest

## REFERENCES

- Hery, 2016. Analisis Laporan Keuangan Integrate and Comprehensive Edition  
Hutami, 2014. Pengaruh Mekanisme Corporate Governance Terhadap Kinerja Keuangan Perbankan. <https://core.ac.uk/download/pdf/76925127.pdf>. Diunduh 05 Mei 2019
- Mappaselle, 2015. Pengaruh Penerapan Prinsip Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan (Studi Kasus Pada PT. Bank Rakyat Indonesia (Persero). Tbk. Kantor cabang Palopo. <https://muharieffendi.files.wordpress.com/2018/07.pdf>. Diunduh tanggal 10 Mei 2019
- Mary, 2017. Pengaruh Struktur Good Corporate Governance (GCG) Terhadap Kinerja Keuangan Perusahaan pada Sektor Pertambangan di Bursa Efek Indonesia (BEI) <http://digilib.unila.ac.id.pdf>. Diunduh tanggal 07 April 2019
- Mulyati, 2011. Pengaruh Penerapan Good Corporate Governance terhadap kinerja keuangan perusahaan (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa efek Indonesia Periode 2007-2009). <https://lib.unnes.ac.id/6136/1/7759.pdf>. Diunduh tanggal 07 April 2019.
- Prastowo, Dwi, 2015. Analisis Laporan Keuangan. Edisi Ketiga.
- Sekaredi, 2011. Pengaruh Good Corporate Governance Terhadap Kinerja Keuangan Perusahaan (Studi Pada Perusahaan Terdaftar di LQ45 Tahun 2005-2009). <http://eprints.undip.ac.id/28955/1/Skripsi006.pdf>. Diunduh 21 April 2019
- Yuniarti, 2014. Pengaruh Good Corporate Governace Terhadap Kinerja Dan Nilai Perusahaan Pada Perusahaan High Profile Yang Terdaftar Di Bursa efek Indonesia Tahun 2010-2013. <http://eprints.uny.ac.id/15294/1/Skripsi.pdf>. Diunduh 05 Mei 2019
- Puniayasa, I., & Triaryati, N. (2016). PENGARUH GOOD CORPORATE GOVERNANCE, STRUKTUR KEPEMILIKAN DAN MODAL INTELEKTUAL TERHADAP KINERJA KEUANGAN PERUSAHAAN YANG MASUK DALAM INDEKS CGPI. *E-Jurnal Manajemen Universitas Udayana*.
- Widyaningsih, H. (2017). PENGARUH CORPORATE GOVERNANCE TERHADAP MANAJEMEN LABA. *Nominal, Barometer Riset Akuntansi Dan Manajemen*. <https://doi.org/10.21831/nominal.v6i2.16652>